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Senior Review group,
Persian Gulf 6/5/70.

By KW NARA, Date 7-17-03

MEMORANDUM

NATIONAL SECURITY COUNCIL

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June 3, 1970

MEMORANDUM FOR DR. KISSINGER

FROM: Harold H. Saunders *Hal*
Richard T. Kennedy

SUBJECT: Review Group--Persian Gulf

There are three subjects to be covered at this meeting:

1. What should be our general strategy toward the Gulf? [Options 2 and 3 of State paper.]

For the sake of argument the paper poses four possible options: (a) assuming the UK's role as protector; (b) backing either Iran or Saudi Arabia as the key to stability; (c) pressing Saudi-Iranian cooperation; (d) actively promoting a regional security pact. We can assume that the first and the last are impractical.

The logical strategy lies in marrying what is already in fact extensive support for Iran as the unquestioned power in the area with the logic of cooperation between a strong Iran and a weak Saudi Arabia. We are not likely to diminish our relationship with Iran; we do not want to have to choose between Iran and Saudi Arabia; Saudi-Iranian cooperation is the optimum.

That means that the real choice is not really a choice as long as there is no trouble and Saudi-Iranian cooperation continues to grow. The real choice will come when, for instance, the Iranians look as if they are preparing to seize the small Arab-held islands at the mouth of the Persian Gulf. In circumstances like that, we will have to ask ourselves how much political capital to spend with the Shah to restrain Iran.

The first objective in this meeting therefore is to determine whether there is general consensus on the following strategy: The logical U.S. strategy is to promote Saudi-Iranian cooperation in the first instance but to recognize that Iran is the real power in the Gulf and to pursue the fullest feasible U.S. -Iranian relationship in that context. [This is a

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counter to those who argue, for instance, that our military credit assistance is making Iran too powerful.]

In arriving at that working view of our strategy, we should avoid relaxing and pinning all our hopes on Saudi-Iranian cooperation on Iran. Cooperation may break down, and Iran may prove a heavy-handed peace-maker. This brings us to the second question.

2. What kind of presence can the U.S. develop in the Gulf? [State paper, pages 34-41.]

If the above is a logical view of U.S. strategy, the U.S. still has an interest in making the Arab participants in this cooperation more effective and stable partners.

The general issue to be discussed is: Can the U.S. --given present restrictions on technical assistance relations with countries that have their own money and limitations on funds for scholarships, not to mention low USIA appropriations--realistically talk about an active U.S. presence on the Arab side of the Gulf?

The fact is that U.S. does not now have programs and appropriations geared to an area like the Gulf with its own money. Yet the area desperately needs U.S. technical and educational assistance. At present, it is kidding ourselves to talk about an active U.S. role in the shaikhdoms without at the same time talking about increasing our cultural exchange budget for the area or providing organized backstopping for a technical assistance effort (mainly using private U.S. experts for whom the shaikhs would pay).

One outcome of the discussion might be to ask State to draw up now for possible use in connection with the FY 1972 budget a comprehensive U.S. program--cultural exchange, trade promotion, technical assistance, diplomatic representation--which would represent the most imaginative U.S. effort in the Gulf.

As a side point you may recall that the final paragraphs of the President's foreign policy message to Congress alluded to the need for new policies and programs in order for us to relate to areas like this which have their own capital resources. The Persian Gulf is the classic case. It is

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therefore worth pushing the above suggestion if for no other reason than to push the staffing of a problem which the President has identified under his signature. See Tab marked "Programs."

3. Should we maintain our small naval force in the Persian Gulf based on Bahrain?

Everyone agrees this is more a psychological presence than a very useful military force. There has been some argument for removing it on grounds of its low military value. There has even been some hint that the Shah is not especially anxious to see us stay on. However, there has also been a feeling that now is not the time to reduce our presence even though we may be ready to concede that the force is not necessarily going to be welcome for any extended period.

The operational problem is this: If we wish to keep the force there, the British will have to arrange with the Bahrainis for us to go on using a small port facility with a U.S. flag over it. We would want to sound out the Shah in more detail.

The decision required is a decision in principle not to reduce our presence at this time. That would trigger the necessary feelers to determine feasibility.

While it is difficult to see the force having great utility, on balance it does seem the wrong moment to remove it.

Outcome of the meeting. We recommend that you propose a short memo for the President (which we would draft) seeking his endorsement of:

1. the general U.S. strategy proposed;
2. in principle not reducing our naval force (if that is the judgment of the Group);
3. drafting a plan for fuller U.S. representation in the shajkhdoms.

We would then put out an NSDM.

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